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Consumer Price Index

A release from the Province of British Columbia's central statistical agency

REFERENCE DATE: JULY 2015

CONSUMER PRICE INDEX (2002=100)

HIGHLIGHTS

British Columbia's consumer price index (CPI) climbed 1.0% (*unadjusted*) in July, compared to July 2014. This marked an increase over the 0.8% annual inflation rate reported in June.

According to Statistics Canada, the overall annual inflation rate of 1.0% increases to 1.5% when energy is excluded from the index, and declines to 0.5% when food is excluded from the index.

Relative to July of 2014, food prices rose by 3.5%, as the cost of both groceries purchased from stores (+4.2%) and meals purchased from restaurants (+2.1%) increased. The increase in grocery prices was mainly due to a rise in the cost of fresh vegetables (+10.7%) and meat (+8.7%), while consumers of fish and other seafood (-1.3%) and non-alcoholic beverages (-2.9%) enjoyed declining prices in the same period.

The cost of shelter (-0.5%) declined slightly in July, with costs for renters increasing (+1.0%) while the cost of owned accommodations edged down (-0.7%). Within the shelter category, the cost of electricity increased (+5.7%) over July 2014, while the price of piped gas (-18.1%) and fuel oil and other fuel decreased (-14.0%) in the same time period.

The transportation index (-0.5%) declined in July due to a decrease in the cost of private transportation (-0.5%). On the other hand, there was a slight increase in the cost of public transportation (+0.3%). Even though the price of gas declined in July relative to July 2014 (-7.7%), prices increased 0.7% compared to June of this year.

The overall cost of clothing & footwear (-1.4%) declined in July, with all sub-categories experiencing lower prices except children's clothing (+3.9%).

Compared to a year ago, consumers paid more for recreation, education & reading (+3.2%), household operations and furnishings (+2.5%), alcoholic beverages and tobacco products (+1.3%), and health & personal care (+1.2%).

Consumer prices rose in Vancouver (+1.1%) and Victoria (+1.1%) in July—both close to the rate of inflation for the province of British Columbia as a whole.

Canada's CPI rose 1.3% (*unadjusted*) in July. Provincial inflation rates ranged from a high of 1.9% in Saskatchewan, to a low of -0.1% in Prince Edward Island.

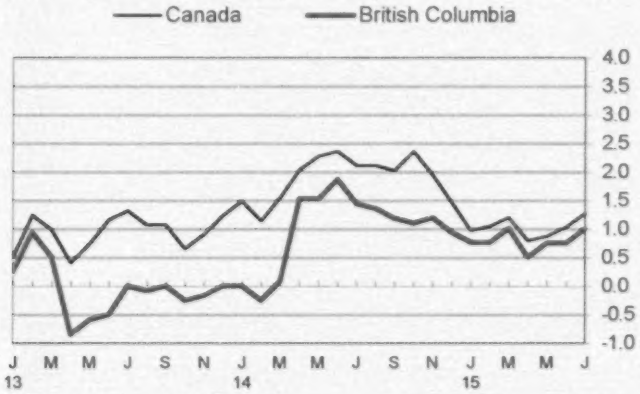
Note: Statistics Canada will release the August Consumer Price Index on September 18, 2015.

2002=100	All-Items Index	% Change from	
	July 2015	June 2015	July 2014
Canada	127.3	0.1	1.3
BC	120.8	0.1	1.0
Vancouver	122.5	0.1	1.1
Victoria	119.3	0.1	1.1
Core Canada[1]	126.0	0.0	2.4
BC (excluding energy)	118.0	0.0	1.5

[1] The Core CPI for Canada: Defined by the Bank of Canada as the All-items index excluding the eight most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products). Also excluded is the effect of changes in indirect taxes on the remaining components.

BC AND CANADA INFLATION TREND

(% change, same month of previous year)



2002=100	Latest 12-month Average Index (ending in July 2015)	Latest 12-month Average % Change	2014 Annual Average % Change
Canada	125.9	1.4	2.0
BC	119.4	0.9	1.0
Vancouver	121.1	1.0	1.1
Victoria	118.0	1.0	0.9

TERMS AND DEFINITIONS

BASE EFFECT

The 12-month variation in the CPI is calculated by comparing the current month's index with the index for the same month of the previous year. The 12-month change is represented by the difference in the indexes of the reference months. Thus, the 12-month variation can decrease from one month to the next merely because the base serving as the point of comparison increased.

Source: Statistics Canada

TWELVE-MONTH PERCENT CHANGES

Also referred to as "year-over-year", twelve-month percent changes compare indexes for a given month to indexes for the same month of the previous year. As they compare two points in time, they are influenced by unusual or temporary events that can affect either of the two months. Their calculation does not include any of the intervening monthly indexes.

Source: Statistics Canada

ANNUAL AVERAGE INDEX

Annual average indexes are calculated by averaging index levels over the 12 months of the calendar year. These data should not be confused with the 12-month change in the CPI. By the nature of the calculation, averaging indexes over the calendar year gives a better representation of price behaviour over the whole year and is closer to the concept of an average price. The use of annual averages is considered the preferred option for indexation purposes.

Source: Statistics Canada

LATEST TWELVE-MONTH AVERAGE INDEX

The latest twelve-month average index (ending in the current month) is a 12-month moving average of the indexes of the most recent 12 months. It is calculated like the annual average index. Hence, in theory, the December twelve-month average index would be equal to the annual average index for the calendar year. However, in practice, when BC Stats makes these calculations from published data, the December 12-month average index may differ from Statistics Canada's published annual average index due to rounding.

Source: Statistics Canada

HARMONIZED SALES TAX

On July 1, 2010, the Harmonized Sales Tax (HST) came into effect in British Columbia and Ontario. As well, Nova Scotia increased its HST by two percentage points.

On April 1, 2013, the Harmonized Sales Tax came into effect in Prince Edward Island, while British Columbia returned to the Provincial Sales Tax and the Goods and Services Tax.

Source: Statistics Canada

ADDITIONAL INFORMATION

More information about the concepts and use of the CPI is available online in the Statistics Canada publication Your Guide to the Consumer Price Index (catalogue 62-557-XIB)

With the release of the May 2011 CPI, Statistics Canada has updated the basket of goods & services used in the calculation of the Index. Learn more

Prepared by: BC Stats, August 2015